

JENNIFER M. GRANHOLM
GOVERNOR



STATE OF MICHIGAN
DEPARTMENT OF CIVIL SERVICE

JAMES D. FARRELL
DIRECTOR

CIVIL SERVICE COMMISSION

SUSAN GRIMES MUNSELL,
CHAIRPERSON
F. THOMAS LEWAND
SHERRY L. McMILLAN
VACANT

April 27, 2007

TO: All Interested Parties
FROM: James D. Farrell, State Personnel Director
SUBJECT: Clarification of Retirement Credit for Temporary Layoff Days

Employees have had more questions about the impact that temporary layoff days might have on retirement, especially whether they would impact an employee's Final Average Compensation (FAC) under the State's defined benefit retirement plan. Please note that retirement is governed by the State Employees' Retirement Act (SERA, Michigan Compiled Laws 38.1, et seq.) and the Office of Retirement Services, not Civil Service, is responsible for administering employee retirement plans.

However, we would like to point out that SERA does provide compensation credit for designated temporary layoff days falling during an employee's FAC period. The specific provision follows:

Defined Benefit Retirement Plan. For employees in the defined benefit retirement plan (Tier 1), Section 38.1e(1) of SERA provides that an employee's final average compensation (FAC) includes "the value of the hours not worked calculated at the member's hourly rate or rates of pay in effect immediately before the applicable final average compensation period."

For example: If your 3 year FAC period included 3 temporary layoff days ORS would go back and pick up 3 days immediately prior to the 3 year FAC period to provide you with a full three years compensation used in the calculation of your FAC amount.

Section 38.1c of SERA defines a "designated temporary layoff" as a layoff "that does not exceed 1 month and has a fixed, predetermined, and announced recall date."

SERA, in its entirety, can be accessed on the legislative website at the following link:
[http://www.legislature.mi.gov/\(S\(umbzly55zocxi4boyriplry\)\)/mileg.aspx?page=getObject&objectName=mcl-Act-240-of-1943](http://www.legislature.mi.gov/(S(umbzly55zocxi4boyriplry))/mileg.aspx?page=getObject&objectName=mcl-Act-240-of-1943)

The proposal before the Civil Service Commission does not mean that temporary layoffs will occur, or that they will occur for a specific number of days. However, if anything changes we will update our Web site at www.michigan.gov/mdcs.

Updated retirement information is available at the Office of Retirement Services Web site at www.michigan.gov/orsstatedb.